



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item No. 2b

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Memorandum

TO: Operations Committee

DATE: October 28, 2011

FR: Executive Director

W.I. 320-1221, 320-2700

RE: Memorandum of Understanding Amendment – Clipper[®]: MTC, AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportation District, SamTrans, SFMTA and VTA

In May 2010, the Commission authorized MTC to enter into a memorandum of understanding (MOU) with the seven transit agencies currently operating the Clipper[®] fare payment system (AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportation District, SamTrans, SFMTA, and VTA). The MOU identifies MTC's Clipper[®]-related responsibilities, the transit agencies' Clipper[®]-related responsibilities, the process for amending the Clipper[®] Operating Rules, the process for resolving disputes among the program participants, and the method by which MTC and the operators will divide Clipper[®] costs and revenues. As of this month, the boards of directors of all seven agencies have approved the MOU with BART Board approval occurring on October 27, 2011.

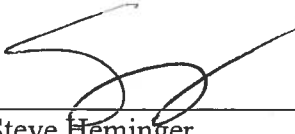
Staff now recommends that this Committee authorize an amendment to the MOU under which participating transit agencies will compensate transit benefit program providers that sell Clipper[®] value on behalf of the transit agencies.

In early 2010, MTC began negotiations with the Clipper[®] Contractor (Cubic Transportation Systems, Inc.), two large transit benefit program providers (WageWorks and Edenred USA), and the transit agencies concerning a set of long-term financial and institutional arrangements that would preserve a range of options for customers to load Clipper[®] value through the transit benefit programs.

Staff now proposes to amend the MOU to continue a 1% commission previously paid for sales of paper tickets through the transit benefit programs, and both the benefit programs and the transit agencies agreed to this proposal. The commission, to be paid by participating operators, would remain in effect for two years (beginning October 2011), at which time MTC and the transit agencies will both evaluate the compensation provided to the benefit programs and make a determination of whether to continue the 1% commission model or renegotiate the arrangement. Amendment No. 1 to the Clipper[®] MOU adds the 1% commission to the list of Clipper[®] operations and maintenance expenses, establishes the transit agencies as responsible for paying

the commission, and establishes the minimum two year period for which the commission will remain in effect.

Staff recommends that the Committee authorize the Executive Director or his designee to negotiate and enter into Amendment No. 1 to the Clipper[®] Memorandum of Understanding.



Steve Heminger

SH:JA

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Memorandum of Understanding Amendment

Work Item No.: 105-1221, 320-2700

Parties: MTC, AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportation District, SamTrans, SFMTA, and VTA

Project Title: Amendment No. 1 to the Clipper® Memorandum of Understanding

Purpose of Project: Incorporate new Clipper® operations and maintenance expense into the MOU.

Project Cost Not to Exceed: \$0. Expense will be borne by the transit agencies.

Fiscal Impact: None.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into Amendment No. 1 to the Clipper® Memorandum of Understanding with AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportations District, SamTrans, SFMTA, and VTA, as described above.

Operations Committee:

Jake Mackenzie, Chair

Approved: Date: November 4, 2011